

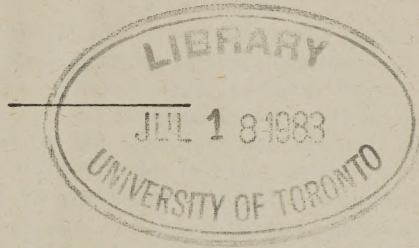
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SOME OCCURRENCES AND CONDITIONS OVERSEAS WHICH AFFECT THE PRODUCTION AND MARKETING
OF CANADIAN AGRICULTURAL PRODUCTS - SUMMARY OF AN ADDRESS BY JAMES W. ROBERTSON
CANADA. PARLIAMENT. HOUSE OF COMMONS. SELECT STANDING COMMITTEE ON AGRICULTURE AND
COLONIZATION

SOME OCCURRENCES AND CONDITIONS OVER-
SEAS WHICH AFFECT THE PRODUCTION
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SUMMARY OF AN ADDRESS

BY

JAMES W. ROBERTSON

BEFORE THE STANDING COMMITTEE ON AGRICULTURE AND
COLONIZATION OF THE HOUSE OF COMMONS OF CANADA

AND

TYPICAL OF OTHER ADDRESSES AT CONFERENCES AND
PUBLIC MEETINGS

OTTAWA

J. DE LABROQUERIE TACHÉ

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1920.

Some Occurrences and Conditions Overseas which Affect the Production and Marketing of Canadian Agricultural Products.

I have a very simple duty, but not an easy task. I am to serve you as best I can by trying to help you to understand some of the occurrences and conditions resulting from the war which have a direct bearing upon the production and marketing of agricultural products in this country. I am not to make an entertaining speech, or try to persuade you to accept any ready-made opinions. I am to try and help you to understand and again to understand, leaving you to draw your own conclusions.

I was overseas three times during the war with exceptional opportunities for observing and learning, although not with very grave responsibilities on some occasions.

I will not speak of my visit to France in 1916 except to say that I saw some of the Canadians at the Somme. I do not need to go to Dore's picture of "The Mount of Transfiguration" to learn how men look when under the exalting influence of supreme devotion to a great cause. I have seen better than pictures, I have seen the men themselves. It is a memory worth cherishing that these men were fairly aglow with confidence in their cause and devotion to it, although some of them might die—but not perish—in upholding it.

In the early summer of 1918, I was asked by the Government to go overseas as Representative of the Department of Agriculture and the Canada Food Board in order to observe in Great Britain, France and Italy the conditions in respect to food supplies, to learn all I could, and to interpret to Canada the conditions and

needs for the purpose of helping Canada to play her full part, in the very best way, in providing foodstuffs as one of her contributions towards winning the war. Every facility was given by the authorities concerned in England, France and Italy, and I came back to Canada in August. Later it was decided that I should return to Europe as Representative of the Department of Agriculture to be on the spot to obtain and give information in connection with Canadian food supplies. In November, before the armistice was signed, the Prime Minister invited me to accompany the Canadian Peace Conference delegation to London and Paris as Representative of the Department of Agriculture. I appreciated profoundly the honour and responsibility of serving the Government and the agricultural interests of Canada in connection with the Peace Conference and the disposal in Europe of the balances of the exportable surpluses of food commodities provided in response to the war production campaigns.

The following is taken from the report of Sir William Goode, British Director of Relief, to His Majesty's Secretary of State for Foreign Affairs:

"Invaluable advice was received from the Premiers and representatives of the Dominions at the Peace Conference in Paris, particularly from Dr. J. W. Robertson, C.M.G., who, on the unanimous invitation of Mr. Hoover and his allied colleagues, attended the meetings of the Relief Section on behalf of the Canadian Government."

New Expectations Regarding Canada.

Before I speak of what I learnt as to the food situation and the necessity of large production, I wish to tell you that I learnt on all sides that Canada had come to a new place in the esteem and expectations of Europe and the United States—I met many eminent Americans in Britain, France and Italy). That new recognition of Canada—and new expectation from her—was based principally on what Canada had done through four channels: her army, food supplies, munitions, and Red Cross service.

The fighting of the Canadian army has given us fame that will endure. Perhaps Canadians pay less heed to that than do the British, or the French, or the Italians, or the Americans. Our people as yet do not generally know how much our army did; they do not appreciate to the full what magnificent service to the Allied cause the Canadian Corps rendered. The estimate of Europe is that it was one of the best fighting units on the whole Western front. Not that our men were braver or more intelligent than the others—no men could have been braver—but the Canadian Divisions had been so long together—they were not shifted about as the other divisions were from army to army—that as a corps their leaders knew what each part could do best, and as component parts of the corps they had developed a discipline combined with comradeship among themselves that could stand the severest strain and grow strongest in times of greatest stress. Thus it came about that the Canadian Corps was used as a spear-head during the last hundred days of the war to break through some of the most difficult places and at the same time break down the

morale of the Germans—and that with light casualties to themselves in view of what they accomplished.

Then Canada got a new recognition of her industrial capacity through making and supplying enormous quantities of munitions.

Moreover, a new interest was taken in Canada because of what the farmers had done, especially in the large crop of 1915, from which the Allies got in that crop year 40 per cent of all their wheat brought overseas. And now in these dark days, when food is scarce in Europe and millions go to bed three-quarters fed, Canada is regarded as a land of hope with great fertile fields and an intelligent, capable and industrious rural population.

Canada has a wonderful name in Europe by reason of the Canadian Red Cross work. That had its beginning, very properly at first, in the Red Cross supplies and service provided for our own men and hospitals. Later on it received ever widening recognition because the devotion and diligence of our women had furnished such an abundance of supplies that every needy Ally turned to us and none were turned away with empty hands. Canadian Red Cross boxes were supplied, not to 2,000 French soldiers, but to some extent to 2,000 French hospitals. I have frequently been told in France, "We are grateful beyond words for what the Canadian Red Cross has done for us." Canada has become graven on the hearts of France, and Italy, and Belgium, and Roumania, and Serbia, and Poland, because of what she did in the war through her army and the people at home. That is a good thing for us; and it places obligations on us and opportunities before us. They expect great things from us in years to come.

Government Control of Food Supplies.

The war had brought about a definite change in the relation of governments to food supplies. Food had become an instrumentality to win the war. In 1918 there was control by governments as to production, importation and distribution. That was regarded as necessary to ensure supplies, to equalize distribution, and to eliminate speculation. To co-ordinate the operations, an Inter-Allied Food Council had been created. That was composed of the Minister of Food for Great Britain and the persons holding a similar office for the United States, France, and Italy. Its task was to arrange for the importation and equitable distribution among the Allies of the food supplies which were obtainable. Through existing or other bodies created for the purpose, it arranged the buying for the Allies. The programme for breadstuffs was, in the first place, in the hands of the Wheat Executive, composed of representatives of the Allied nations. The actual purchasing was done through the Royal Wheat Commission. The corresponding business for meats and fats went through the Meats and Fats Executive. The buying on the American continent was done through the Allied Provision Export Commission, commonly spoken of as Apec. Other duties belonging to those bodies, or associated bodies, were the arranging of credits and deciding on questions of priority between nations and between commodities in the use of ocean tonnage. It was, in fact, a vast and complex business organization whereby the governments took international control of food to win the war. The neutral nations were rationed as to quantities which they might import. The necessity for that may be seen from a consideration of the situation. But for the blockade

and the rationing of what might be imported, any of the neutrals contiguous to Germany, or having free access to Germany, could have exported home-grown foodstuffs for which they could obtain extreme prices, and then proceeded to feed their own nationals by imported supplies.

Situation After the Armistice.

The situation was somewhat altered by the armistice. The importing as well as the exporting countries had expectations of open markets and generally lower prices. The United States and Canada had the largest quantities of foodstuffs accessible to the shipping which was available. However, the signing of the armistice did not bring about peace conditions for the movement of food supplies, although it brought an end to the actual fighting in the field. There was continued control of food as an instrumentality of war, to compel otherwise obstinate nations to bend to the will of the Allies. After conferences in London and Paris, the Inter-Allied Food Council was succeeded by the Supreme Economic Council. The Council constituted sections which severally had to do with shipping and transportation, finance, raw materials, food, etc., etc. Mr. Herbert Hoover was appointed Director-General of Relief for the Allies, and in that capacity was Chairman of the Food Section. I was appointed Canadian Director of Food Supplies.

As I have already said, there were general expectations of open markets and lower prices, but there were obstacles to the realization of those things. There was no longer any need for reserve stocks for emergencies since the submarine campaign had been ended. The warehouses, particularly in Great Britain, were full,

and it was physically impossible to take in additional supplies of perishable commodities, such as bacon, frozen beef, etc.; there was a modified continuation of the blockade; and in most of the countries there was no ready money to pay for supplies. On the part of the Government of the United Kingdom there was an evident desire and intention to bring about de-control as soon as possible, but as soon as they took measures to that end they found it impracticable to proceed without grave risk to the regular arrival of supplies and without putting their fixed maximum retail prices in jeopardy.

Illustrations from Bacon, Beef and Wheat.

A difficult situation was created for Canada, particularly in the case of bacon, frozen beef, and other perishable foods. There were about 25,000,000 pounds of bacon in Canada which had been provided and prepared for the Allied market. When the demand ceased, the packers in Canada represented that they would have to shut down on buying hogs unless they could send forward their products regularly. The farmers throughout Canada had hogs ready to market which they had grown and fed, in large measure, in response to the increased production campaigns which had been put on by the Dominion Government in co-operation with the Provincial Governments. The quantity of bacon was not relatively large, but the situation was further complicated by the fact that during the war the Allied Provision Export Committee had been obtaining about 5,000 tons of bacon from the United States for every 1,000 tons procurable in Canada. Consequently, although there was no business agreement, it seemed equitable that if the British Ministry accepted

the 10,000 tons from Canada they would be under an apparent moral obligation to take five times that quantity, or 50,000 tons, from the United States. For them to purchase that quantity under the circumstances was out of the question. The American Food Administration did not press a claim for equality of treatment with Canada. That facilitated an agreement and arrangement whereby the Canadian bacon was disposed of satisfactorily. I mention this particularly to illustrate the fact that Mr. Hoover, as representative of the United States in food matters, in this, as in every other case, regarded Canada and her interests in the spirit of a friendly associate, with a leaning, if there ever was a leaning from strict equity, towards doing her a good turn whenever he could.

In the case of frozen beef, the Ministry of Food in the United Kingdom represented that it was not only financially, but physically, impracticable for them to receive any additional supplies from Canada. The Ministry had made considerable purchases in the Argentine at about 11½ cents per pound, and elsewhere at relatively low prices, whereas the cost in Canada was about 25 cents per pound. During the war the scarcity of tonnage on the ocean made it impractical to lift the Argentine supplies. That condition was expected to be changed after the armistice. The British Ministry, by agreeing to assist in providing some of the cold storage steamer space required, helped to bring about an agreement whereby a considerable quantity was sold to Italy. Afterwards shipments by private firms to Belgium and elsewhere permitted all our stocks to be cleared at what were regarded as satisfactory prices.

In the case of wheat, while the British Ministry desired to have a return to free commercial trading as

soon as possible, the governing factor in the situation was the maximum price for bread, which had been fixed at $4\frac{1}{2}$ cents per pound retail. To permit that to be maintained, it was necessary that the British miller should obtain wheat at the equivalent of about \$1.80 per bushel delivered at the British mills. Under those circumstances, a free market would not have meant the movement of any wheat to the United Kingdom from Canada. The British Government was absorbing the difference between the cost of wheat, as purchased through the Royal Wheat Commission, and the price charged to the millers by means of a subsidy which, of course, became a burden on the British taxpayer. We must remember that on all the wheat bought by Great Britain in Canada from the crops of 1918 and 1919 there will be an average loss to Britain of probably over 75 cents a bushel.

Throughout all the negotiations for placing our exportable surpluses, I received nothing but considerate treatment from the officials of the British Ministry of Food, as well as the officials of the other ministries concerned. By the middle of summer, 1918, all the balances of the Canadian exportable surpluses had been disposed of at satisfactory prices. That was the situation at the end of the crop year 1918-1919.

Modified Control.

The European Governments still maintain part of their war-time policies to encourage production, to control prices, and to regulate distribution. During the war production was enforced by law, whether all the operations were profitable to the farmers or not. In the United Kingdom, France, Italy, and other European countries the farmers were told by Government compulsory authority,

to a considerable extent, what to sow and how many animals to keep. The feeding of animals was regulated, the use of products was defined and restricted, and the prices for produce were fixed. The farmers, to a defined extent, were compelled to sell their cereals and fodder as such, instead of feeding them and selling the produce in the form of meat. The purpose of such control was to increase the total calories in the food available to the consumer by restriction of the production of meat. These drastic measures were deemed necessary for national safety during the war. Since then the farmers have been encouraged to produce up to their maximum by a guarantee of minimum prices. In Great Britain, prices in 1919 were guaranteed to the farmers for such things as wheat, barley, oats, beef, cheese, butter and milk. Maximum retail prices were fixed to the consumers; and the commission, profits, or spread permissible to merchants who handled the commodities, were determined by the Government. For example, the farmers were guaranteed a price of about \$2.50 a bushel for wheat, whereas the price obtainable from the millers, as I have already stated, was about \$1.80 per bushel. For cattle the farmers were guaranteed, for prime quality, 17 cents per pound on the hoof in the late autumn, which price is increased gradually to 20 cents per pound live weight in July, 1920. In the autumn the Scotch farmers were paid 2s. 1d. (equal to 50 cents) per pound for their cheese; at the same time, the farmer who received that price, or any one else, could go to a retail shop and purchase cheese at 1s. 6d. (equal to 36 cents) per pound. On the one hand, the Government was guaranteeing and paying an extremely high price in order to encourage large production and ensure the keeping over of milking cows for production in the

spring and summer of the following year. On the other hand, in order that miners and other workers of the industrial population, to whom cheese is a necessary and common article of consumption, might obtain it at a reasonable rate, the maximum retail price was fixed at 14 cents per pound less than the Government paid to the farmer. Butter was so scarce (1919) that it was rationed in order that everybody might have a fair chance to receive an equal share. The quantity available under the rationing scheme was only one ounce per person per week. In other words, the consumer in the United Kingdom could obtain only one pound of butter in four months. In the case of milk, the wholesale prices available to farmers for seven months, October to April, were fixed from 52 cents a gallon, for October and April, to 78 cents in mid-winter, the average being 68 cents per gallon for the period. The maximum retail prices to the consumers were fixed from 22 to 24 cents per quart; as a matter of fact, the average retail price has been about 21 cents per quart. While it is recognized that these are extreme figures and impose real hardship on poorer families, the Government considers them necessary to ensure a sufficient supply of milk in order that children particularly might not suffer from its absence. Then to permit families who could not otherwise secure an adequate supply, the municipalities have been authorized to supply milk at less than cost, the difference being payable ultimately through the rates.

Adjustments between the cost to the British Government, under guaranteed prices, and the amounts received under maximum retail prices are made by means of subsidies and to some extent by profits made on supplies purchased at relatively lower prices in the Argentine and elsewhere. The bread subsidy in

Great Britain has amounted to about \$250,000,000 per annum; in France to about \$480,000,000 per annum, and in Italy to about \$200,000,000. With even these large subsidies, owing to the dislocations and disturbances of the transition period from war to peace, many families would not have been able to obtain adequate nourishment; according to Mr. Hoover's estimate, as late as July, 1919, about 15,000,000 families in European countries were receiving unemployment or other similar allowances.

The Purchase of Cheese.

In this connection it may be appropriate for me to refer to a question which has been much discussed among dairymen since August. It has been called "the fixed price for cheese." What is really meant by those who speak with a knowledge of the facts, is the price offered by the British Ministry of Food at which it would buy a certain quantity of cheese. That Ministry has no power to establish "a fixed price" in Canada; and the Government of Canada, so far as I know (and as recently Representative of the Department of Agriculture and Canadian Director of Food Supplies in Europe I would know), has not taken any action in any way to limit the price or control the movement of cheese. There was "a fixed price" in 1918 while the war was on; the average was 23.35 cents f.o.b. steamer at Montreal. But during the whole of the cheese season of 1919 there was an open market in Canada. In the United Kingdom there was an open market for a brief period with limitations. The chief controlling limitations were the fixed maximum price retail (1s. 6d. per pound), and the fact that the British Ministry of Food had purchased the New Zealand output to August, 1920, at 21½ cents. During the period, in

1919, when control of distribution in the United Kingdom was not applied to Canadian cheese, the Ministry discovered that there was an increasing inequality of distribution, and that larger quantities of cheese were likely to go into consumption before the winter began than was compatible with the policy of equalizing the supply throughout the year. As a means towards correcting, and then preventing, what was regarded as highly undesirable, the Ministry withdrew from British merchants the right of free and uncontrolled importation. That by itself would have shut out Canada for a time from the British market. To avoid doing that the British Ministry arranged to buy Canadian cheese of first quality at 25 cents per pound at Montreal. The Ministry, I think, agreed to pay the Montreal merchants a reasonable commission for their services in handling the cheese. The intention was to store the cheese in Canada until required in the British markets under the policy of equalizing the distribution. As to the price offered, the Ministry stated it could not afford to pay any more and hope to come out without loss. As a matter of fact, the strong probability, if not the certainty, is that, owing in part to the fall in exchange, which was not unexpected in August, the Ministry will lose from 2 to 4 cents per pound on all cheese it purchased in Canada last season.

Bearing on the High Cost of Living.

These matters have a direct bearing on the problem of the high cost of living. I wish that problem could have been more generally thought of as the problem of the reduced purchasing power of the dollar. That might have prevented at least a part of the general confusion in appreciating and understanding the causes which make it so difficult, in many

cases, for income or earnings to provide the necessities and usual comforts of life. People are impatient of explanation. They say an explanation gets them nowhere. What they want is an immediate remedy. Very likely there is no immediate remedy. The consequences of four years of losses, destruction and waste can not be remedied in a twinkling. While there is an apparent conflict between different parts of Government policies in all the countries affected, I have not heard of any effort since the war ended, by any of the Allied or Associated Governments, to reduce the prices payable to their farmers for their products. In fact, on the one hand prices are being held up to the farmers in order to encourage production of enough to go round—in order that the farmers may be induced to produce up to the very maximum of the capacity of their farms and the limit of their strength. With the other hand, by means of maximum retail prices they are being held down in order that these may be within the range of what the masses of the poorer people are able and willing to pay. The prime need is greater production. It has been estimated that not less than 40,000,000 workers were taken away from productive work on farms by the war. There are also other causes for the reduction of production below what was normal. Among these are the prevalence of weeds, want of fertilizers, lessened efficiency of work animals and machinery, and the impaired strength, depressed spirits and discouraged outlook of many of the workers in continental Europe. The primary cause of the high cost of living is that there are not enough of the necessary commodities to go around, and because of the fear that there will not be enough to meet the actual needs. A secondary cause is the depreciation in the value or buy-

ing power of the unit of money. That works two ways, with injurious results from both. Many of those who receive greatly increased wages, because of the reduced value of money, are lead to spend freely and wastefully. That aggravates the scarcity. On the other hand, some farmers who may be considering the investment or spending of money for wages, etc., to increase production, are deterred from doing so by reason of the number of dollars that would be involved in the operation.

The Canadian prices of the staple farm products are determined by the impact of the world's wholesale demand and prices at the Canadian centres for the export trade. The points at which export prices are fixed, in the main, are,—the head of the lakes ports, for wheat; Montreal, Toronto, Winnipeg and Calgary, for bacon and beef; Montreal, for cheese and butter. The margins between the wholesale prices at those points and the prices at the farms work back, directly or indirectly, and are felt in the returns received by the farmers. In so far as any reductions can be made in those margins, those reductions are all to the advantage of the farmer and increase the price he receives. In the main the prices at the farms bear only a remote relation to the cost of production. The farmer does not know the actual cost of production of almost any separate commodity which he may have for sale. He keeps on working and producing from necessity and in hope. The general range of high prices does stimulate the farmer to greater exertion, but, unlike the manufacturer, he does not immediately reduce his out-put if and when the price falls below the cost of production.

Likewise, what I have indicated as the wholesale prices, determined by the impact of the world's wholesale demands and prices at given centres

for export, may be taken as starting prices in the consideration of the retail prices to Canadian consumers. All margins for handling, between those starting prices and the prices at consumers' doors, are charged forward and are felt in the retail prices. It does not seem probable that there can be, in the near future, any large reductions in the margins which are charged back on the farmers for services rendered; and it does not seem likely that there will be appreciable reductions in the margins which are charged forward and included in the consumers' prices. Both margins must be large enough to provide adequate compensation for services rendered. I am not ignorant of the existence of a general feeling of the public, and a vague determination by the public, that means shall be discovered and applied to the end that these margins shall not exceed fair and reasonable compensation for services rendered. No good can come from railing at "middlemen" and creating a sentiment that their businesses are conducted at the expense of, or to the injury of, either producers or consumers. Most of the middlemen engaged in the businesses of transportation, preparation, and distribution of food products, are engaged in an obviously necessary economic service. At the same time, it is evident that in Canada too many persons are occupied in the final stages of distribution. Part of that may be due to the kind of service demanded by the public. That becomes increasingly extensive and expensive. An extreme example: A small portion of meat is ordered by telephone and it is expected to be delivered within an hour by either a horse and wagon or a motor-truck. If we will have the foolish luxury of expensive service that adds to the cost of living. Commercial and merchandising services have attracted many thousands too

many into their ranks, not because of the attractiveness or intrinsic merit of the service which these persons are called upon to perform, but because of the opportunities to acquire control of wealth through buying and selling commodities. In the main the remedy must be left to the free play of competition; but that may be supplemented by such means as the supervised publicity of profits obtained from the handling of all commodities of prime necessity and the imposition of specific rates of taxation upon all profits regarded as being more than proper compensation for service rendered. The publicity required in the several countries during the periods of food control had a wholesome effect. The publication of comparative retail prices by local food committees did some good. Some of these agencies might be revived, improved, and continued with the probability of benefit all round.

The high cost of living is more than an economic or political phrase. It is a grim reality which is being felt acutely by millions of people. There is not yet enough food in the world to meet the demand, to meet the actual needs, much less to be safe against extended semi-famine conditions in case there should be a comparative failure of crops for one year. We have not got any reserves in sight. The nations of the world cannot afford at this stage, after the great war struggle for justice and fair-play, to leave humanity exposed to the calamity of a poor crop all round with no reserves to fall back upon. In Canada, to keep ourselves safe and make ourselves strong in an economic sense, we must produce and we must save. This course is the right and wise one for the nation. It is also the best one from every point of view for every province, every county, all communities, and every individual farmer.

The Opportunity and Obligation of Canada.

While increased production can no longer be urged as a necessity of war, every man who has had an opportunity of learning the facts and studying the situation is convinced that increased production is a necessity of peace. It is needed in all the countries with whom we shared the losses of war before our united efforts won complete victory. There is no other way to reach real prosperity, to remove dangerous discontent, and to open the way for abiding economic and social justice to each and all.

Statistically the quantity of bread-stuffs is enough to go around until the end of the present crop year (1919-20). The anxiety of Central Europe is whether it will be made financially practicable for the food to reach the destitute. In some ten countries there are about twice as many people as the whole population of Canada who are utterly destitute—without money or the means of earning it, without food and with scant clothing. Of these nations, Poland, Austria and Armenia appear to have reached the end of their resources to furnish negotiable securities for credits, with which to purchase the food the refugees and other destitutes need for bare subsistence. The amount required has been estimated at from \$110,000,000 to \$150,000,000 until the new harvests are available. It is understood that Great Britain and the United States are taking the necessary steps to avert starvation on the appalling scale which is otherwise imminent. The measure of assistance, which the Governments of these two countries has given, since the armistice, to mitigate distress and to help exhausted nations to get on their feet, is not generally known in Canada. The continued collaboration of the United States and the British Em-

pire is the best assurance the world has for economic recovery and restored prosperity under peaceful conditions. Because of that it is worth stating, and worth stating with appreciative emphasis, that during the twelve months after the armistice the United States Government gave financial assistance by credits to European Governments to the extent of \$4,226,548,688. More than half the amount was for agricultural products. That reveals an immense contribution towards the amelioration of conditions in Europe. Moreover, the Children's Welfare Scheme of the American Relief Administration, under Mr. Hoover, provided the necessary supplementary rations for under-fed children to the number of about 4,000,000 in 13 countries. About 2,500,000 war-enfeebled children are still being nurtured into a tolerably wholesome condition for normal growth, at a cost to the United States of about \$6,000,000 a month, supplemented by private charity of a rather larger amount. A knowledge, even a partial knowledge, of what our Great Neighbour to the South has done and is doing—and dwelling gratefully on the facts in both public and private utterance—will foster international appreciations and strengthen our mutual good-will.

I, at least, am unable to make any forecast of the prices per bushel, per hundredweight, or per pound, which may be obtained for the farm products of 1920. No one can predict with any certainty the import requirements of Europe. And only a rough estimate can be made of the probable production in the countries of Europe which have been ravaged by war and where farm lands have become less fertile from the prevalence of weeds, want of thorough cultivation and the lack of fertilizers. The reduction in productivity due to those causes has been put at at least 25 per cent. More-

over, no one can foretell with any certainty the prices which millions of workers in some European countries will be able to pay for their necessary supplies. All one can state, with reasonable certainty, is it will likely take at least two years, 1920 and 1921, for the production of breadstuffs to meet the world's requirements and leave over a moderate reserve as security against scarcity the following year; that it will be many years before the world's production of milk, butter and cheese can adequately meet the demand; and that several years must pass before the supplies of cattle and hog products can be sufficient to provide nutritious rations of an invigorating sort for the millions of people who require them for the hard labour to which they must apply themselves—and that with bodies which, in many cases, have been weakened by the incomplete diet and other stresses of war.

While it is probable that there will be some reduction in the price of farm products during coming years, in my opinion it is not at all probable that the relative prices of farm products will come down in proportion to those of other articles and commodities. Before the war farmers were not receiving adequate remuneration for their labour, management and capital. Some indication of the probable order in which prices may fall may be obtained from an examination of the extent of the advances in price which have occurred since the war. Comparing the prices in August, 1914, with the prices in August, 1919, the advances in Canada in four large groups were as follows: Western grains, 160 per cent; hogs and products, 142 per cent; cattle and beef (from 1913), 96 per cent; dairy products, 108 per cent.

Under all the circumstances, in my opinion, the farmers of Canada, dur-

ing the next two years, will have the best chance, during my life-time, to make reasonable and even large profits. Sometimes appeals are made in the name of patriotism and altruism. At the present time the first appeal is one of self-interest. And while money is being made by the individual, benefit is being brought to the community and the nation, and needed and valuable service rendered to humanity. All three "pulls," self-interest, patriotism and humane service, are in one direction. Consequently the farmers of Canada will not make any mistake in producing as much as they can of all the staple food products. They are sure to be needed. The world's prices in the main will be determined by conditions and factors beyond our control. But our farmers may depend upon being able to obtain the highest prices which the world's markets will afford. Canadian farm products have a preference in the markets of Great Britain because of their known superior quality, and in other European markets they are sure of at least an equality in price with the products imported from any other country. We can not expect more than that. Whether we produce more or less, that is the highest rate we can get, and any extra quantity produced in Canada, as the result of extra effort, cannot of itself be an appreciable factor in reducing the world prices. The more we produce the more money our farmers will receive, the more quickly our nation will recover from the losses of war, and the more will we help to bring good cheer to a world still reeling and scarcely yet conscious of the extent of the appalling losses and wastes of four years of destruction.

The Outlook.

In Canada the agricultural and economic situation might have been very much worse. It could scarcely

have been better, in view of the appalling wastes and losses caused by the war. We are in a decidedly good position to go on. Since the war began there has been much enlargement of what may be called the "producing plant" of Canadian farmers. Six million acres of additional land have been brought under cultivation. There are about forty million acres ready for cultivated crops for the season of 1920. Statistics show that the live stock has been greatly increased. From 1913 to 1918 the increases were: Cattle, 51 per cent; sheep, 42 per cent; swine, 25 per cent. Not only has the "producing plant" been enlarged, but through the wartime organization and efforts, farmers have acquired knowledge and ability to make better use of it. The rural population has been continuously becoming more intelligent and capable. It has recently become better organized for carrying on its affairs. There is room and need for further organization and utilization of the local forces in every community.

The value of the annual production of the farms of Canada may now be estimated at from 1,500 to 1,700 millions of dollars. The estimate can not be made close, because the weather has a great effect on the yield of crops. In European countries the weather influence is felt more upon the saving of the crops after they are grown. While the outside markets are all-important to Canadian farmers, it must be remembered that about two-thirds (more or less depending upon the abundant or meagre quality of the harvests) of the annual value of all the farm products are consumed or retained in Canada.

The exports during the year ending March 31, 1919, were as follows:—

Agricultural products.	\$268,827,093
Animal produce.	197,632,571

Total for year.	\$466,459,664
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The exports during the year ending March 31, 1920, were as follows:—

Agricultural products.. \$364,988,967
Animal produce. 272,743,886

Total for year. \$637,732,853

That shows an increase, for the year, in the value of exports of agricultural products and animal produce of over 36 per cent. About four-sevenths of the value was in the form of agricultural products and three-sevenths in the form of animal produce. For the year ending March, 1919, in round figures, 60 per cent went to the United Kingdom, 22 per cent to the United States and 18 per cent to all other countries. For the year ending March 31, 1920, the following are the amounts which went to the different countries:—

	<i>Per cent of whole.</i>
United Kingdom..\$347,959,678	54.5
United States.. . . 167,645,880	26.3
Belgium. 23,469,458	3.7
France.. . . . 21,135,607	3.3
Greece 24,798,652	3.9
Italy. 13,189,839	2.1
Other countries .. 39,533,739	6.2
Total. \$637,732,853	100.0

It is to be expected that the conditions which the war has brought about will require new methods and agencies for the marketing of at least a portion of the exportable surplus of our agricultural products. The Minister of Agriculture has intimated that he intends to have European markets closely examined and continuously watched on behalf of the department in order to render such aid as may be given in that way for the best marketing of Canadian farm products. As long as European countries continue to buy through Government agencies it will doubtless be necessary for some Government agency in Canada to be ready to sell or to assist in making sales in foreign markets. And when private commercial transactions are resumed the in-

formation and advisory service which the Department of Agriculture may give regarding European markets will be quite valuable. Still more valuable may be the information, about our products and capacities, which it can bring to the attention of possible buyers.

To Pay Our Way Nationally.

What I have said hitherto has had relation particularly to the opportunity of the individual farmer to benefit himself and his family through increased production, with some reference to the obligation resting on every one who enjoys the fruits of victory to do his best to prevent a continuation of distress in less fortunate nations. Now, a few words as to our obligation as a nation to pay our way and to pay our debts. While thinking of that and planning for that, it is to be remembered that the standard of living for the masses of the people within the nation depends upon the extent of the services, materials and commodities provided through the labour of its people. These make a material setting for life in which each individual can have his best development and contribute the best and most of which he is capable. For the individual the only safe course is to work diligently with intelligence, to live economically, and to waste nothing. A similar course is the only advantageous one for the nation.

In both cases one must guard against the misleading assumption that reduction or restriction of expenditure is always advantageous and is always sound economy. The situation calls for increased expenditure on at least two of the fundamental public services in Canada, viz: Education and Agriculture. If any nation, even in time of prolonged financial stress, should reduce its

support of education and restrict its expenditure on that service because times are hard, it thereby dooms itself to comparative ignorance and consequent poverty. Weakness or apathy in the support of education, from the elementary schools to the universities and technical colleges, is sure to result in lower levels of intelligence, less practical ability and narrower co-operating good-will. It has been said that one man is as good as another. Be that as it may, the same boy, youth and man, when educated for an occupation and citizenship, is a much more capable and valuable citizen than he could be without the educational training. Our people, as a whole, need encouragement and stimulation to spend generously and courageously on education.

Agriculture is to be regarded as a national interest as well as an occupation followed by individuals to earn their living. As a national interest very much more can be done and should be done for its further improvement. We will have to rely, in the main, on the improvement of agriculture and the further development of our other natural resources and industries to enable us to maintain stable conditions of prosperity, to pay our way as a nation, and to pay our public debt. Moreover, in the keener competitions we are sure to meet in the world's markets we cannot expect to hold our place unless our people are as well informed, as well trained and as well organized as others. I like to think of Canadians as I know them as being individually of good natural capacity. If the strength and power of a nation can be thought of as the sum total of the ability and character of the units of its population, then Canada would stand very high; but the sum total of a nation's power and prosperity is not to be measured by adding together the

values of all the units of the population as separates. It depends on whether the units are organized for effective accomplishment. On the productive side of its agriculture Canada is, as yet, very imperfectly and incompletely organized. This does not refer to the organization of the Departments of Agriculture of the Governments, Dominion or Provincial, but to the lack of local organization of farmers in municipalities, townships and parishes, for the specific purpose of improving agriculture and increasing production. Great Britain has made provision for continuing the war-time County Agricultural Committees.

It seems to me there should be a Neighbourhood Improvement Association, grouped around an illustration farm, in every community of farmers in Canada. That would be one means whereby the people would organize themselves so that the ability of the natural leaders of the locality would be brought into full use and full play for the benefit of the neighbours, the development of the leaders themselves, and the improvement of the community. That is cited as an example of what more needs to be done in only one field of development. Such a scheme of organization, when in full operation, might be expected to increase the annual value of the out-put of the farms by from 20 per cent upwards. That estimate is not a mere conjecture. It is based on knowledge of what has already been accomplished in the neighbourhood of Illustration Farms under the Commission of Conservation. At the current range of prices 20 per cent increase would represent between \$300,000,000 and \$350,000,000 annually, as the weather conditions were less or more favourable.

In the experimental farms, with their research departments, illustrations, and educational publicity, and

in other branches of the Departments of Agriculture, with their administrative services, there is room and need for extension and improvement. This cannot be accomplished without increased expenditure. Perhaps even more now than in the days of Solomon, "There is that scattereth and yet increaseth and there is that withholdeth more than is meet, but it tendeth to poverty." In education and agriculture are our most profitable and beneficial forms of national investment. Viewed from every side, there can be no economy in failing to spend the amounts necessary to preserve good health, to provide public health measures, to prevent disease, and to promote intelligence, practical ability, good character, high ideals and good citizenship. These are the foundations of social justice, righteous thinking and right living; and they are the means through which to ensure material national prosperity.

Every citizen who is not disabled by disease or other infirmity may be expected and doubtless is willing to pay his share of the war debt. It is part of the price of liberty and security. By far the larger part, the immeasurable, irreplaceable, heart-rending part, has been already paid in life, health and service by the officers and men of the army and navy, and by the women who gave themselves devotedly to patriotic service. There remains to us to pay the cost in money. While it is a small part of the cost, it must be met and can be met honestly and honourably only by what I have already repeated more than once, increased production from diligent and intelligent labour and economical living with the least possible waste. It has been estimated that the war expenditures to March 31, 1920, will amount to about \$1,900,000,000. We have already paid part of that through taxation; and the net

increase of the national debt due to the war, to March 31, 1920, is estimated at about \$1,650,000,000.

The total wealth of the nation, that is, all wealth in all material forms, between the Atlantic and the Pacific and from the international boundary to the far north, has been estimated at about \$17,000,000,000. That may be taken as our national estate and includes such items as: Agriculture—improved lands, buildings, implements, live stock; Fishing—total capital invested; Mines—value of buildings and plant; Manufactures—plant and working capital; Railways, street railways, canals, shipping, telegraphs, telephones; Real Estate and buildings in cities and towns; clothing, furniture and personal effects; coin and bullion held by Receiver-General, specie in banks, value of token currency; imported merchandise in store; Current Production—agriculture, fishing, forestry, mining, manufacturing.

To make it easier to understand the national situation, I would point out that our estate was not "free" before the war. It had encumbrances. A recent estimate of Canada's funded debt outstanding in Great Britain puts it 547,980,000 pounds sterling. That includes the funded indebtedness of Dominion and Provincial Governments, municipalities, railways, industrial concerns and sundries. I have no knowledge of a detailed estimate of outstanding indebtedness to the United States. It has been mentioned as "at least several hundred million dollars." For the purpose of this illustration, the two together may be taken as about \$3,000,000,000. These figures are to be taken only as a rough approximate. Now, take an illustration from an estate which our thinking can understand, as for example that of a large farmer whose total estate, including buildings, machinery, live

stock, furniture, clothing and every kind of material equipment, has a value of \$17,000. To make the parallel clear, between that small estate and our national affairs, one has to suppose that such a farmer owed \$3,000 to creditors outside his family. That would leave the net value of his estate at \$14,000. If you multiply that by a million, the figures will apply to Canada as a nation. Against that net of \$14,000,000,000 for Canada, there are now to be registered two additional sums—one of about \$1,650,000,000 as the net increase in the national debt due to the war, and one of \$345,000,000 to represent the pensions capitalized at 5 per cent. Together they represent a new mortgage of about 14 per cent on the net value of the estate of Canada. Interest will have to be paid annually, the pensions will have to be paid, as they will be paid with all good will and gratitude, and a sinking fund should be provided. These together call for an increase in the annual expenditure of the Dominion

Government, due to the war, as follows:—

Increased interest on	
debt	\$ 90,000,000
Sinking fund, say	16,000,000
Pensions, at peak	33,000,000
	<hr/>
	\$139,000,000

The money for that necessary increased expenditure must be obtained by some form of taxation or a levy on the wealth of the people. It is equal to about \$80 per family annually. Fortunately, the bulk of these payments are due to our own people resident in Canada. So, although the war has been won, we must not forget that new and serious obligations have come to us with peace, and that new and promising opportunities are before us through which we may enter upon a new era, in which economic and social justice will prevail generally and wholesome living will flourish abundantly. Canada has the right to expect, the memory of our dead has the right to claim, that every man and woman shall do their duty.

